

Message Text

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22

ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 EA-09 IO-13 ISO-00 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

FEA-01 /139 W

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 7196

INFO AMEMBASSY BRASILIA

AMEMBASSY MADRID

AMEMBASSY SEOUL

AMEMBASSY TAIPEI

AMEMBASSY PARIS

US MISSION EC BRUSSELS 7171

US MISSION OECD PARIS

US MISSION GENEVA 0394

US DEL MTN GENEVA

AMCONSUL FLORENCE

AMCONSUL MILAN

UNCLAS ROME 6751

E.O. 11652: N/A

TAGS: ETRD IT

SUBJ: PRESIDENT'S DECISION ON FOOTWEAR: FURTHER ITALIAN REACTION

REF: A. ROME 6498 (NOTAL), B. STATE 92903

/SUMMARY/: ITALIAN COMMENT ON PRESIDENT'S APRIL 16 FOOTWEAR
DECISION CONTINUED HIGHLY POSITIVE, BUT EUPHORIA HAS BEEN
TEMPERED BY NEGATIVE REACTION OF US INDUSTRY AND CONSEQUENT
POSSIBILITY OF FUTURE ACTION AGAINST US FOOTWEAR IMPORTS.
CONTINUED PROTECTIONISTIC PRESSURES ON US TRADE POLICY
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CITED. /END SUMMARY/.

1. ITALIAN REACTION, AS REPORTED IN ITALIAN PRESS, TO PRESIDENT'S DECISION ON ADJUSTMENT ASSISTANCE INSTEAD OF TARIFF AND OR QUOTA MEASURES ON FOOTWEAR IMPORTS HAS CONTINUED HIGHLY FAVORABLE. ADDITIONAL REACTION SINCE REF A INCLUDED THAT OF COMMUNIST PARTY (PCI) DAILY L'UNITA' (APRIL 21) UNDER FOUR-COLUMN HEADLINE. ARTICLE TENNED PRESIDENTIAL DECISION "A BEAUTIFUL EASTER SURPRISE" AND WENT ON TO POINT OUT THAT US DECISION REMOVED GRAVE UNCERTAINTY OVER PROSPECTS OF HUNDRED OF FIRMS AND EVEN MORE ARTISANS. SIGNIFICANCE FOR ITALIAN BALANCE OF PAYMENTS ALSO UNDERLINED. ARTICLE ALSO QUOTED FROM ITALIAN INDUSTRY ASSOCIATION NEWS RELEASE (SEE PARA 2 BELOW) THAT THREAT TO ITALIAN INDUSTRY NOT RPT NOT COMPLETELY ELIMINATED DUE TO NEGATIVE US INDUSTRY REACTION. FINALLY L'UNITA' RAISED SPECTER "SHOE WAR" WITH FRANCE IN WAKE OF FRENCH REQUEST FOR EC RESTRICTIONS ON ITALIAN FOOTWEAR EXPORTS TO FRANCE.

2. INDUSTRY ASSOCIATION ITALIAN NATIONAL FOOTWEAR ASSOCIATION (ANCI) PRAISED THE US DECISION AND CALLED ATTENTION TO ANCI'S ROLE IN SAFEGUARDING MEMBER INTERESTS. DIRECTOR MERCATANTI, QUOTED IN MILAN BUSINESS DAILY /24 ORE/IL SOLE/, NOTED NEGATIVE US INDUSTRY REACTION AND WHILE HE DISCOUNTED ANY IMMEDIATE THREAT TO ITALIAN INTERESTS, CALLED FOR VIGILANCE TO AVOID FUTURE PROTECTIONIST MOVES BY US INDUSTRY. MERCATANTI WENT ON TO POINT OUT US DECISION HAD AVOIDED NECESSITY OF POSSIBLE EUROPEAN IMPORT PROTECTION MEASURES WHICH COULD HAVE BEEN NECESSARY TO COPE WITH INFLUX OF THIRD-COUNTRY SHOES DENIED ACCESS TO US MARKET.

3. PRESS REPORTS FROM BRUSSELS CORRESPONDENTS (24 ORE/IL SOLE AND OTHERS), CITING EC SOURCES, STRESSED FOOTWEAR DECISION AS SIGNIFICANT SIGNAL TO PROTECTIONISTIC INFLUENCES IN US. FACTORS SEEN CONTRIBUTING TO CHOICE OF ADJUSTMENT ASSISTANCE INCLUDED FEAR OF REPRISALS BY EXPORTING COUNTRIES DESIRABILITY OF RESTRUCTURING US FOOTWEAR INDUSTRY AND DESIRE TO MINIMIZE DOMESTIC PRICE EFFECT. PRESS REPORTS ASSERTED HOWEVER, THAT PROTECTIONISTIC FIRES IN US NOT RPT NOT QUELLED, NOR SHOULD DECISION BE INTERPRETED AS DECISIVE IN VIEW OF PENDING ACTIONS ON AUTOMOBILES, SPECIALTY STEELS, PROCESSED AGRICULTURAL PRODUCTS AND RECENT DECISION TO LEVY COUNTERVAILING DUTIES AGAINST IRISH BEEF. VOLPE
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